



Audit of Accounts Receivable Management at the Public Health Agency of Canada

Management Response and Action Plan

Presented to PHAC Departmental Audit Committee

April 3 2018



Recommendations	Management Response and Planned Management Action	Deliverables	Expected Completion Date	Responsibility
<p>Recommendation 1</p> <p>The Chief Financial Officer (CFO) enhances reporting on accounts receivable to help in the management of risks for the collection and collectability of outstanding accounts receivable.</p>	<p>Management agrees with this recommendation.</p>			
	<p>The Financial Operations Directorate, under the Shared Services Partnership (FOD-SSP) will implement regular reporting to the CFO and Deputy Chief Financial Officers (DCFO) showing the status of outstanding accounts receivable by type and by age.</p>	<p>1.1 Quarterly Report</p>	<p>May 31, 2018 (for outstanding receivables as of March 31, 2018)</p>	<p>1.1 Quarterly Report</p>
<p>Recommendation 2</p> <p>The Chief Financial Officer amends guidance documents and procedures to enhance accounts receivable management including:</p> <ul style="list-style-type: none"> • clarifying roles and responsibilities for the re-instatement of debts, and the monitoring and collection of 	<p>Management agrees with this recommendation.</p>			
	<p>The Financial Operations Directorate, Shared Services Partnership (FOD-SSP) will refine the Standard on Management of Receivables to further clarify roles and responsibilities for items such as the on-going monitoring and collection of debts related to</p>	<p>2.1 Amended Standard on Receivable Management</p>	<p>September 30, 2018</p>	<p>Director, Internal Controls and Financial Policy</p>

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<p>debts related to recoveries of contribution agreement overpayments;</p> <ul style="list-style-type: none"> developing guidance documents to facilitate collection activities such as locating the debtor, and determining whether the debtor is capable of repaying the debt; and establishing a method for determining when the cost of collection is not justifiable in relation to the amount of the debt or the probability of collection. 	<p>recoveries of contribution agreement overpayments.</p> <p>FOD-SSP will prepare a guidance document to support Accounting Hub staff in determining which advanced collection activities to pursue based on the nature of the debt. The document will include direction on considering the cost of the collection when determining the appropriate recovery activity.</p>	<p>2.2 Collection Activity Guidance Document</p>	<p>June 30, 2018</p>	<p>Director, Accounting Operations and System Division / Chief, Accounting Operations / Departmental Accounts Receivable Coordinator</p>
<p>Recommendation 3</p> <p>The Chief Financial Officer establishes a process to review and approve recipient audit results to ensure timely recording of accounts receivable.</p>	<p>Management agrees with this recommendation.</p>			
	<p>The Centre for Grants and Contributions (CGC), within the Office of the Chief Financial Officer, will consult with its stakeholders to establish a process to review and approve recipient audits to ensure timely recording of accounts receivable (AR). This process will be included in the Standard Operating Procedures (SOP) database and training materials, to enable ready access and communications to those employees responsible for grants and contributions program delivery.</p>	<p>3.1 Establish and include process of audit results and AR creation in SOP.</p>	<p>December 31, 2018</p>	<p>OCFO – CGC</p>
		<p>3.2 Include audit result and AR creation process into training material.</p>	<p>December 31, 2018 and ongoing</p>	
<p>Recommendation 4</p>	<p>Management agrees with this recommendation.</p>			

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<p>The Chief Financial Officer pursue accounts receivable greater than one year in order to take timely actions to recover or write-off debts and enhance the process for determining an allowance for doubtful accounts.</p>	<p>The quarterly reporting to the CFO and DCFOs will clearly reflect accounts receivable that are greater than one year old for ease of reference, and will be used to target collection efforts. The results of collection actions will also be shared with Corporate Accounting on a quarterly basis for consideration in the determination of the allowance for doubtful accounts.</p>	<p>4.1 Quarterly Report</p>	<p>May 31, 2018 (for outstanding receivables as of March 31, 2018)</p>	<p>Director, AOSD / Chiefs, Accounting Hubs / Departmental Accounts Receivable Coordinator</p>